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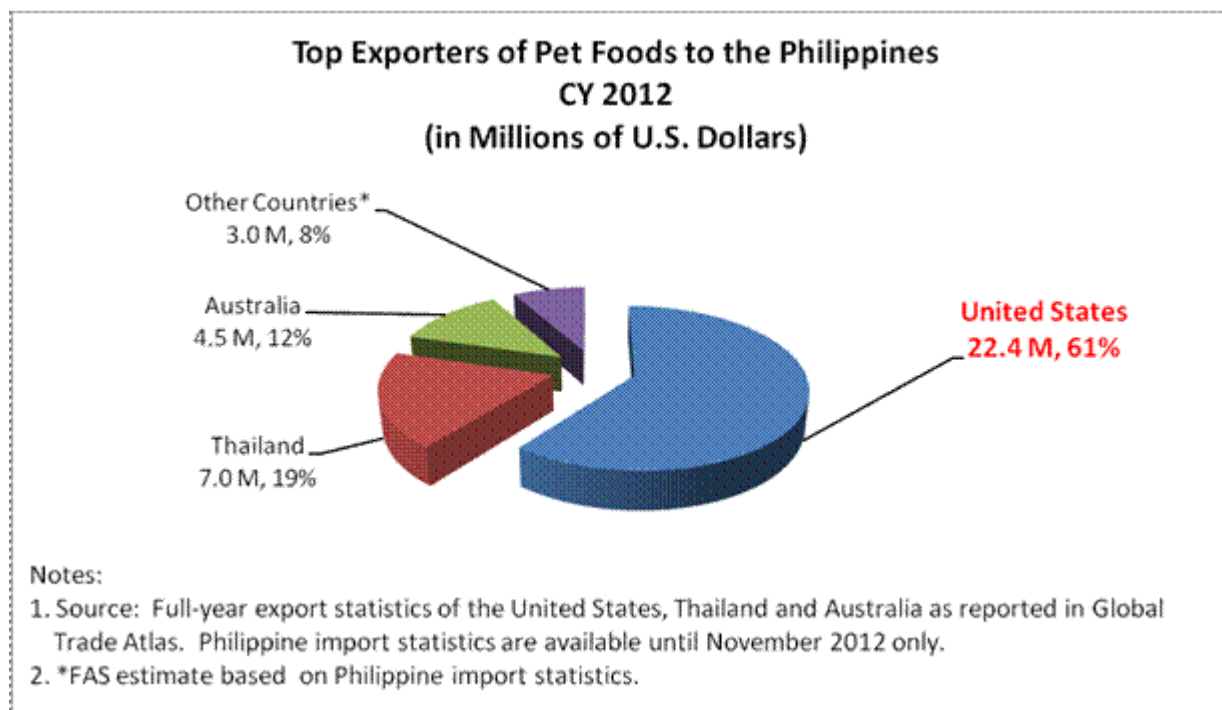
Report Highlights:

The Philippines is the largest export market in Southeast Asia and the 10th largest in the world for U.S. pet foods. In 2012, U.S. exports increased by 12 percent and reached \$22.4 million, more than doubling in five years. The booming economy, higher disposable income and familiarity with U.S. brands contributed to the healthy export performance. The trends that boost pet ownership and pet food consumption include animal welfare initiatives, urbanization and the rise in smaller unit households, popularity of pedigree pets, and a growing awareness of proper pet care. Feeding food scraps is still prevalent, underscoring the fact that potential for continued growth is strong. Stepped-up promotions by the pet food industry are showing good results as more owners switch to prepared pet food. FAS Manila predicts U.S. exports of pet foods to the Philippines will reach \$25 million by the end of 2013, and \$40 million by 2018.

General Information:



The U.S. is the dominant exporter of pet foods to the Philippines with a 61 percent share of the market in 2012. Thailand followed with 19 percent and Australia with 12 percent. Based on Philippine government statistics, the total market size in 2012 was about \$36.8 million.



The Philippine market for imported pet foods expanded by around 85 percent since 2009, led by the robust performance of U.S. exports. The trends that boost pet ownership and pet food consumption include animal welfare initiatives, urbanization and the rise in smaller unit households, popularity of pedigree pets, and a growing awareness of proper pet care.



Traders report tremendous room for sales growth since only six percent of households own a cat, and only 35 percent own a dog. Furthermore, among most pet owners, feeding food scraps is still prevalent. Stepped-up promotions by the pet food industry are showing good results as more owners switch to prepared pet food. While demand for high-value pet foods is expected to grow, most pet owners are price conscious and will opt for standard, low-priced pet foods.

II. Regulatory Systems and Import Requirements

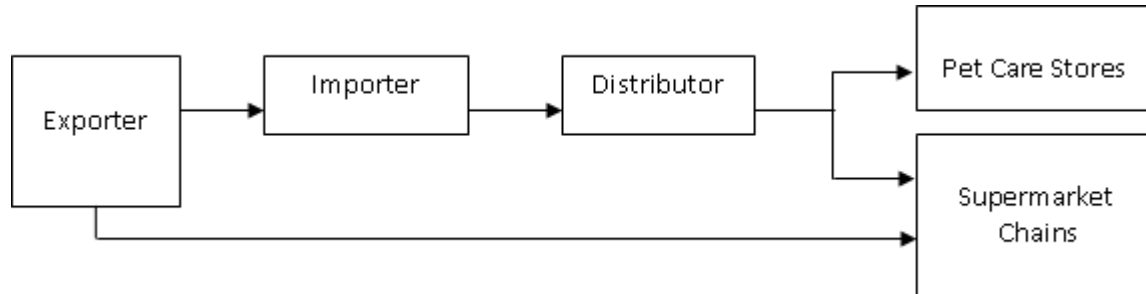
Regulatory Agency: The Philippine Department of Agriculture’s Bureau of Animal Industry (BAI) prescribes standards for quality in the manufacture, importation, labeling, advertising, distribution and sale of animal feeds and veterinary supplies in the country. BAI is also charged with preventing, controlling, containing and eradicating communicable animal diseases by regulating the flow of animals and animal products in the country.

Import Regulations for Animal Feed Ingredients and Pet Food: BAI requires Philippine importers of animal feeds and pet food to be registered with BAI prior to importation. All animal feeds, animal feed ingredients and pet food products entering the Philippines need to be accompanied by an Animal Product Export Certificate (VS 16-4) issued by USDA’s Animal and Plant Health Inspection Service (APHIS)-Veterinary Service. The importer must secure an Import Permit from BAI and transmit it to the exporter before the goods are shipped out of the United States. Under BAI regulations, the Import Permit must be issued within five working days, though delays are not heard of. An electronic copy of the Import Permit is usually sent by the importer to the exporter.

For detailed information regarding standards and regulations for exporting pet foods to the Philippines, please refer to the report entitled “**Philippines: Food and Agricultural Import Regulations and Standards –**

Narrative” available on-line through the FAS homepage at www.fas.usda.gov or contact USDA/FAS Manila. The full contact information of USDA/FAS Manila is provided at the end of this report.

III. Road Map for Market Entry



- Exporters can appoint a local representative or exclusive importer. If several importers need to be appointed, the market coverage of each importer should be properly identified (e.g. by geography and/or store type). There are some supermarket chains that have the capacity to import directly.
- It is key to identify importers that have the capacity and contacts to distribute to the three major cities of the Philippines (Manila, Cebu and Davao), and have good reach within these cities. Most importers have their own distribution arm or sell to independent distributors. The high cost of inter-island shipping can typically make products more expensive in areas outside Manila.
- Many exporters require payment of goods via letter of credit, especially for initial transactions. Credit terms are typically extended to the importer after conducting a thorough background and credit investigation, and after payment habits have been established.
- Supermarket chains often demand high slotting fees of about \$120 per stock keeping unit (SKU) on a per store basis + year-round marketing support (\$1,000-\$2,000 per annum). Exporters should, as much as possible, support marketing and promotional efforts. Pet care stores do not typically charge slotting fees but often request marketing support.

IV. Further Information and Assistance

FAS Manila is ready to help exporters of U.S. pet foods achieve their objectives in the Philippines. For further information or assistance, please contact:

Foreign Agricultural Service
U.S. Department of Agriculture
Embassy of the United States of America
Tel: (632) 301-2000
Email: Agmanila@usda.gov